



*As I sell*

## AREA CHANGES IN RETAIL STORE SALES

IT has been said that the rent which a retailer pays depends on the number of people who pass his store, but that the profit he makes depends on the number of people who enter. Like most epigrams, this is an oversimplification of the problem. Both the rent and the profit depend not only on the number of pedestrians and persons entering the store, but upon the buying power of these people. Thirty years ago, when we first started counting pedestrian traffic, we found that a numerical count was insufficient to determine a store's potential. The traffic had to be analyzed by type of person in relationship to the product for sale.

It is probably axiomatic that the greatest chances for success in retailing would be in areas in which buying power is increasing. It may be due to migratory gains, in which case the increases are generally at the expense of areas which have had migratory losses. It might also be due to greater industrialization, with a corresponding upgrading in wages. It should also be pointed out that a part of the gain in retail sales in many types of stores is illusory, as it is due to the fact that the dollar has lost purchasing power, and that the average unit sells for a higher price in dollars which are worth less.

On pages 75 and 76, we show maps giving the percentage change in retail sales by counties from 1954 to 1958. These figures came from the latest releases of the 1958 Census of Business. These maps show those counties in which retail sales have increased and those in which they have decreased. Since this was a period of inflation, the dollar increases of sales do not necessarily show increases in the volume of sales. From 1954 to 1958 the Consumer Price Index increased by 8 percent. Even this, however, cannot be used as an index to adjust the sales of various types of goods. We find that household appliances in this period have not increased at all in price, while on the other hand the price of shoes has increased by more than 8 percent.

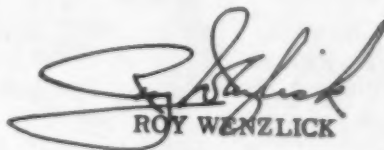
Another problem in interpreting the increase of sales is the state of the economy in 1954 and 1958. Both of these years were recession years for business activity, so that the upward trend in sales is not just from the trough to the peak of a cycle. This must be taken into account when studying the distribution of retail sales between types of retail stores. During recession years, durable goods stores will show a smaller proportion of total sales than they would during peak years of a cycle.

The table on the right side of page 76 shows the percentage increase in personal income and total retail sales by States. Retail sales have increased 41 percent in Florida because of a 57 percent increase in personal income, a 22 percent increase in population, and increased tourist trade. The next six States recording retail sales increases over 20 percent are Arizona, New Mexico, California, Utah, Maryland, and Louisiana. The percentage increase in personal income explains most of the increase in retail sales. Four States, however, experienced greater increases in income with respect to increases in retail sales than the rest of the States. These were Wyoming, Colorado, Delaware, and North Dakota.

The retail store is a growing business. With further increases in population and income, more retail outlets of all kinds will be needed. Our map shows that 1,671 out of 3,062 counties showed increases in sales greater than changes in the price level.

All economists have found that there is a certain momentum in most economic movements. When the stock market is rising, for instance, a forecast that it will continue to rise has a greater probability of being correct for a considerable period than one which predicts a reversal in trend. The safest forecast is always that we will have "more of the same," and I think this applies, very definitely, to these trends in retailing.

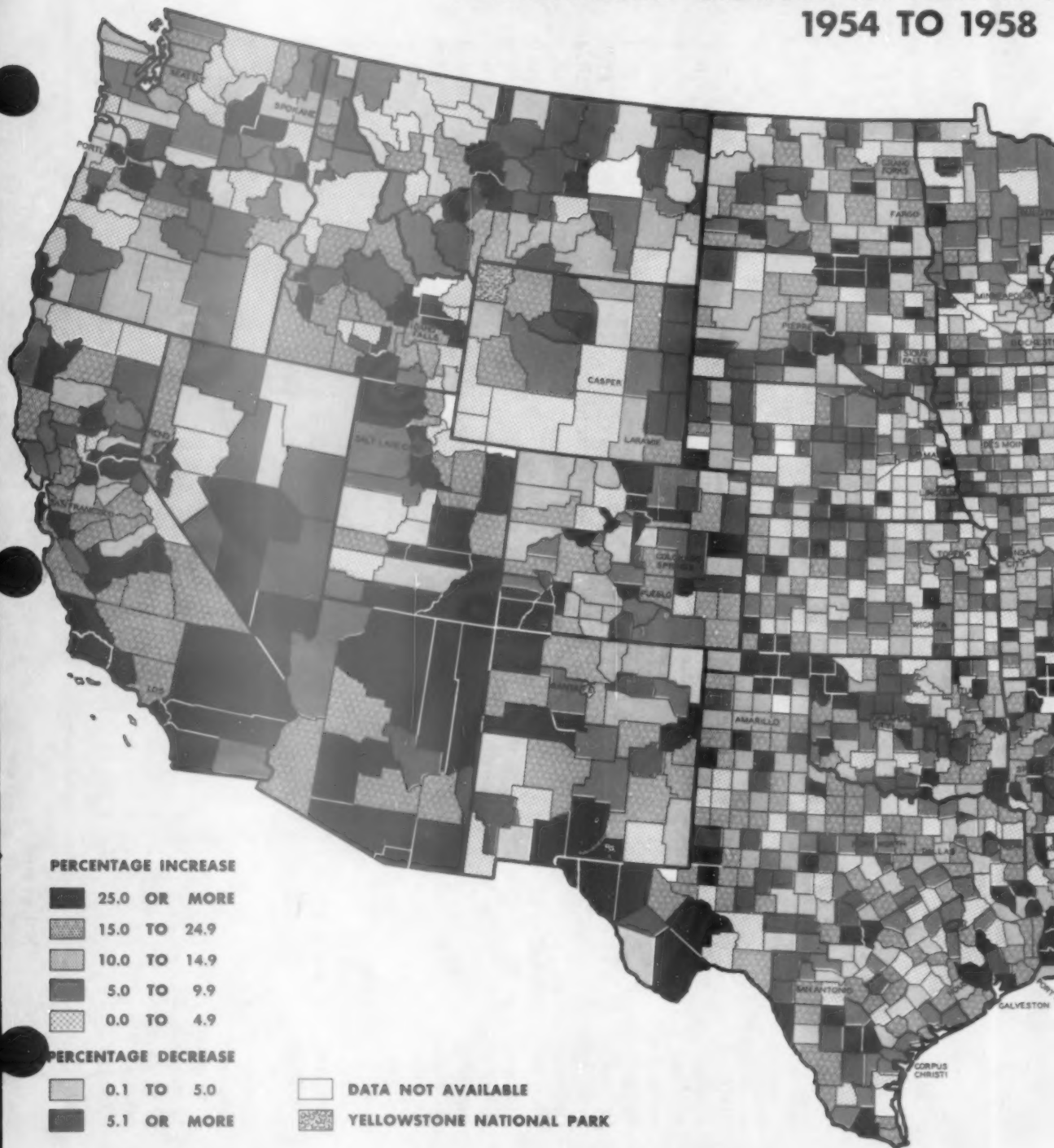
It seems to me that, as a general rule, those areas which showed the larger increases in retail sales in the 4-year period of our study will also show the larger increases in the period of the next 5 years. Conversely, those areas showing the greatest percentage drop will, in all probability, continue to drop during the next 5 years. Of course, there will be some exceptions to this rule. It may be that in 1958 a county with a large percentage of its production in a single depressed industry might have shown a drop which will change to a gain in the next 5 years as the cyclical position of that industry changes. It certainly looks as if the best areas for retail stores during the next 5 years will be in those sections of the country which experienced the largest increases in retail store sales in the period under study.



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### PERCENTAGE CHANGE IN RETAIL S 1954 TO 1958

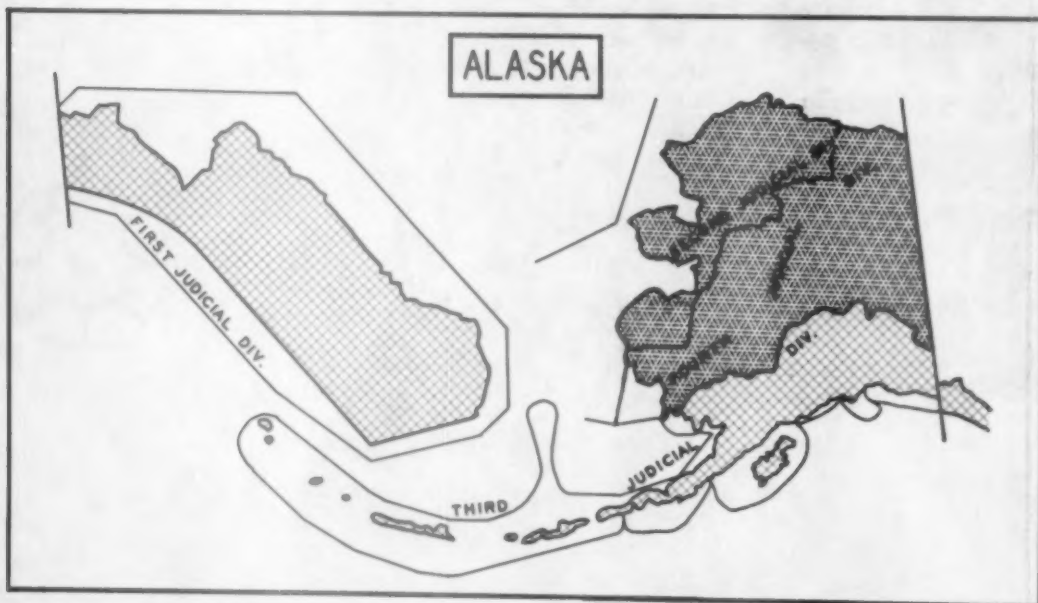
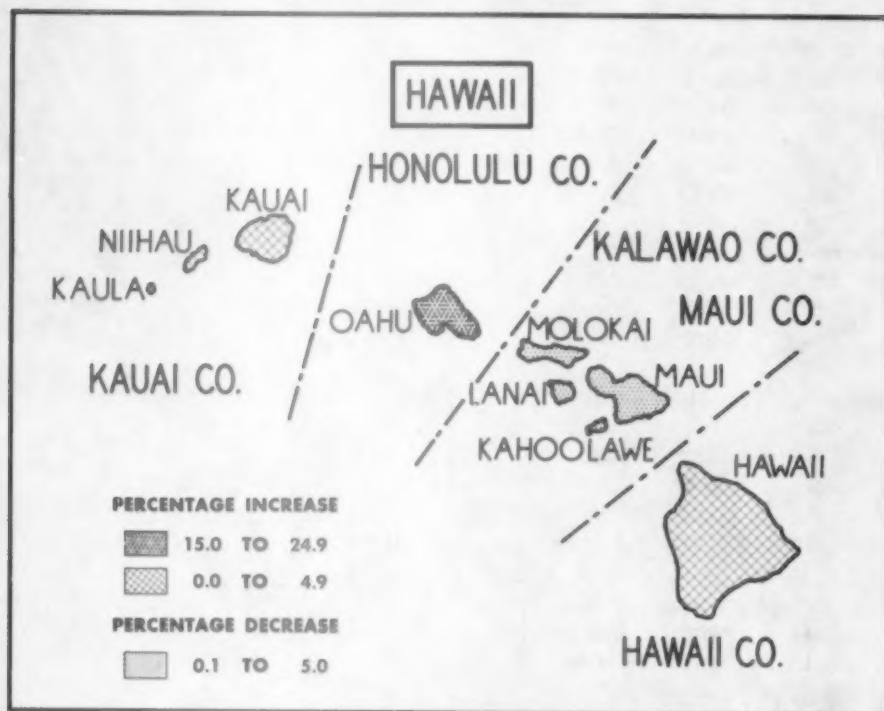


## SALES BY COUNTIES





# PERCENTAGE CHANGE IN RETAIL SALES FOR HAWAII AND ALASKA 1954 TO 1958



INCREASES IN PERSONAL INCOME COMPARED WITH INCREASES IN RETAIL SALES

Percentage Increase, 1954-58

# Percentage Increase, 1954-58

State	Personal Income	Total Retail Sales
Alabama	34.0	18.0
Alaska	*	7.0
Arizona	47.3	33.6
Arkansas	21.6	11.7
California	33.8	23.5
Colorado	37.8	18.0
Connecticut	25.7	13.6
Delaware	38.3	15.3
District of Columbia	16.9	4.6
Florida	56.9	41.0
Georgia	28.6	15.1
Hawaii	29.0	18.0
Idaho	28.0	18.4
Illinois	21.9	15.0
Indiana	19.6	11.9
Iowa	17.2	6.9
Kansas	23.3	8.5
Kentucky	18.7	13.5
Louisiana	30.5	20.5
Maine	23.6	10.3
Maryland	29.1	20.6
Massachusetts	23.8	7.8
Michigan	16.9	6.0
Minnesota	25.5	12.2
Mississippi	25.4	11.4
Missouri	23.4	13.3
Montana	23.4	6.7

# Percentage Increase, 1954-58

State	Personal Income	Total Retail Sales
Nebraska	22.1	6.3
Nevada	35.0	19.5
New Hampshire	23.2	12.4
New Jersey	24.7	13.9
New Mexico	42.3	25.9
New York	22.8	11.2
North Carolina	25.4	16.4
North Dakota	40.9	12.2
Ohio	18.4	9.6
Oklahoma	25.7	10.4
Oregon	21.8	8.7
Pennsylvania	20.7	9.8
Rhode Island	13.5	3.8
South Carolina	21.3	11.8
South Dakota	26.0	10.7
Tennessee	23.1	11.6
Texas	27.0	15.3
Utah	32.6	22.5
Vermont	19.5	13.3
Virginia	25.3	16.9
Washington	20.7	15.9
West Virginia	23.1	11.2
Wisconsin	24.0	10.3
Wyoming	24.4	4.4

Continental United States 24.9

17.0

\*Not available.